

SUBCOMMITTEE 3

FINAL ACTION REPORT

Senate Budget and Fiscal Review Committee

Members

Elaine Alquist, Chair
Alex Padilla
Mark Wyland

Consultants

Brian Annis
Eileen Cubanski
Bryan Ehlers
Agnes Lee
Diane Van Maren
Jacqueline Wong-Hernandez

SUBCOMMITTEE No. 3

HEALTH, HUMAN SERVICES, LABOR, and VETERANS AFFAIRS

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HEALTH

0530 Secretary of Health & Human Services

- Adopted the Governor's 10 percent across-the-board reduction, or \$209,000 (General Fund) for the California Health and Humans Services Agency (CHHS), Office of the Secretary. Under this reduction two Associate Governmental Program Analysts will be eliminated, along with \$69,000 in operating expenses.
- Adopted the Governor's reduction of \$380,000 (\$325,000 General Fund), or 10 percent, for the Office of HIPAA. The Office of Health Insurance Portability and Accountability Act (HIPPA) notes that the effect from this reduction should be minimal.
- Eliminated a redirection of \$327,000 (General Fund) from operating expenses to establish three new positions within the Office of HIPAA. The proposed positions—Staff Counsel III, Staff Services Manager II, and Office Technician—would have been used to develop expansion of electronic health information exchange. Due to the fiscal crisis, it was important to claim the General Fund savings and not expand state administration.
- Rejected the Administration's proposal to cancel the Interim Statewide Automated Welfare System (ISAWS) Migration Project. Adopted an alternative to continue the Project using maintenance and operations savings from the existing ISAWS and Child Welfare Services/Case Management System, GF savings due to increased federal funding for the Case Management Information and Payrolling System Replacement Project, and savings from negotiated contract changes with the ISAWS Migration Project vendor. This action results in GF savings of \$14.4 million in the ISAWS Migration Project.

4120 Emergency Medical Services Authority

- Approved the Administration's proposal to reduce by \$242,000 (General Fund), or by 10 percent, the multi-county Emergency Medical Services Agencies. Total funding remaining would be \$2.18 million (General Fund).
- Adopted the Governor's proposal to reduce by \$690,000 (General Fund), or 10 percent, the CA Poison Control Center, and reduced by another \$310,000 (General Fund) for a total reduction of \$1 million (General Fund). Also adopted Budget Bill Language to require the Director of the Emergency Medical Services Authority (EMSA) to provide assistance to the CA Poison Control Center to seek other sources of funding than state General Fund support, including from the CA Children and Families Commission and other relevant entities. Total funds remaining would be \$5.9 million (General Fund). Funding for the CA Poison Control Center is discretionary.

- Approved the Governor's 10 percent reduction, or \$36,000 (General Fund), for support of Regional Disaster Medical Health specialists.
- Denied the EMSA's request to augment by \$310,000 (General Fund) and three new state positions to staff the Medical Assets Program. The EMSA presently has five positions for this purpose.
- Increased by \$242,000 (General Fund) as proposed by the EMSA for the on-going maintenance and calibration of all biomedical equipment contained in the three Mobile Field Hospitals. It is important to maintain this state asset.
- Denied the Administration's request to increase by \$448,000 (General Fund) to fund pharmaceutical cache supplies for the Mobile Field Hospitals due to the fiscal crisis. Further, in the event of an emergency, the Governor can authorize increased funding for medical supplies if it is warranted.
- Approved the Administration's proposal to revert \$99,000 (General Fund) from the Budget Act of 2006. Of this amount, \$24,000 is from local assistance and \$75,000 is from state support.

4260 Department of Health Care Services

Highlights for the Medi-Cal Program

- Rejected the Administration's proposal to restore Quarterly Status Reporting for parents for a reduction of \$7.6 million (\$3.8 million General Fund). Instead, the existing Semi-Annual Reporting process for parents was maintained.
- Modified the Administration's proposal to implement Quarterly Status Reporting for children and instead, adopted a Semi-Annual Reporting process for a reduction of \$51.2 million (\$25.6 million). Children enrolled in Medi-Cal presently have an annual renewal process. It is the intent of the Legislature for the Department of Health Care Services (DHCS) to have children on the same renewal pattern as their parents, when applicable.
- Modified the Administration's proposal to stop paying the federal Medicare Part B Premium for individuals enrolled in Medicare and Medi-Cal with a "share-of-cost" who do not meet their Medi-Cal "share-of-cost" every month. Under the Legislature's action, the state will continue to pay the Part B Premium of individuals with a "share-of-cost" at \$500 dollars and below. A reduction of \$48.4 million (General Fund) is to be achieved from this action, which is \$5.4 million (General Fund) less than the Administration's.
- Rejected the Administration's proposal to roll back Medi-Cal eligibility for working families enrolled in the 1931(b) category of eligibility. This proposal by the Administration would have denied coverage to over 433,000 people on an annual basis. The Administration had assumed savings of \$62.3 million (\$31.1 million General Fund) from their proposal.

- Rejected the Administration's proposal to restrict Medi-Cal services for "Newly Qualified Immigrants" (about 73,400 people) who have been in the country for less than five years to "restricted-scope" services, versus the full-scope services as presently provided under Medi-Cal. Also rejected the Administration's proposal to restrict Medi-Cal services for individuals "Permanently Residing Under the Color of Law" (PRUCOL) and "Amnesty Alien" individuals. These individuals (about 17,200) also would have been placed on a "month-to-month" eligibility cycle under the Administration's proposal.
- Rejected the Administration's proposal to establish a "month-to-month" Medi-Cal eligibility for immigrants on "restricted-scope" Medi-Cal enrollment.
- Restored most of the 10 percent rate reduction to Medi-Cal Fee-For-Service providers, including physicians, medical transportation, home health, dental, outpatient services and other medical services, effective as of March 1, 2009. Assembly Bill 3X 5, Statutes of 2008, enacted a 10 percent reduction effective as of July 1, 2008.
- Provided a 5 percent restoration to the rates paid to pharmacy providers under the Medi-Cal Program, effective March 1, 2009. Assembly Bill 3X 5, Statutes of 2008, enacted a 10 percent reduction effective as of July 1, 2008.
- Provided a 5 percent restoration to the rates paid to certain Long-Term Care providers, including: (1) Level A nursing homes, (2) Distinct Part Nursing Homes, (3) Distinct Part Subacute, (4) Distinct Part Pediatric Subacute, and (5) Adult Day Health Care under the Medi-Cal Program, effective March 1, 2009.
- Reduced by \$106.8 million (\$53.4 million General Fund) the amount allocated to counties for Medi-Cal eligibility processing. In addition, adopted placeholder trailer bill language to suspend the county performance standard penalty since counties would not be funded to appropriately meet the performance standards. The Governor was seeking a reduction of \$152.5 million (\$76.2 million General Fund) which would have fully impeded Medi-Cal eligibility and re-determination processing.
- Rejected the Administration's proposals to eliminate ten benefits provided under the Medi-Cal Program, including Adult Dental, Optometry services, Optician and Optical Laboratory Services, Audiology Services, Speech Therapy, Incontinence Creams and Washes, Acupuncture Services, Podiatry Services, Chiropractor Services, and Psychology Services.
- Included Budget Bill Language for the DHCS to provide the Legislature with options for improving the Medi-Cal Fee-For-Service system for specified individuals.
- Adopted modified trailer bill language regarding the rate methodology used to reimburse nursing homes that pay a quality assurance fee (as contained in AB 1629, Statutes of 2004). This language provides for a two-year extension of the rate methodology, capitates the maximum annual increase to 5 percent for the next two years, establishes a comprehensive stakeholder group process to craft quality assurance measures, and requires the Department of

Health Care Services (DHCS) to report to the Legislature regarding recommendations forthcoming from the stakeholder group process.

- Adopted the Administration's proposal to reduce by \$1 million (\$500,000 General Fund) by pursuing a "pay-for-performance" option for the purchase of durable medical equipment. This proposal can be done administratively.
- Utilized \$9.15 million (one-time only) from supplemental funds normally transferred to the Distressed Hospital Fund to pay back the federal government due to an impermissible Intergovernmental Transfer made by Fresno County and Fresno Community Medical Center. Adopted conforming Budget Bill Language and trailer bill language for this action. This action is used in lieu of General Fund support.
- Utilized \$13.6 million (one-time only) from supplemental funds normally transferred to the Private Hospital Fund to offset General Fund support within the Medi-Cal Program. Adopted conforming Budget Bill Language and trailer bill language for this action.
- Approved the Administration's proposal to reduce by \$22.5 million (\$11.2 million General Fund) to change how Non-Contract Hospitals are to be reimbursed under Medi-Cal. Specifically, this would limit Non-Contract Hospital rates to the lower of: (1) Interim per diem rate minus 10 percent; (2) the regional CA Medical Assistance Commission (CMAC) rate for Non-Tertiary Hospitals less five percent; or (3) a statewide rate for Tertiary Hospitals minus five percent. Also adopted placeholder trailer bill language to send the issue to Budget Conference Committee. Exempted small and rural hospitals from this action, as well as specified others which are defined as "full service" hospitals. Restored the small and rural hospital rate reduction effective as of November 1, 2008.
- Adopted modified trailer bill language to limit the amount Medi-Cal Managed Care health plans must pay hospitals that refuse to contract with them (i.e., "non-network" hospitals). The DHCS states this language would serve three purposes: (1) it provides an incentive for hospitals to enter into contracts with Medi-Cal Managed Care plans; (2) it will reduce the costs that health plans pay to Non-Contract Hospitals; and (3) the limitations imposed. Exempted small and rural hospitals from this action. However, additional hospital exemptions as contained in AB 2784 was vetoed by the Governor.
- Adopted the Administration's May Revision for Medi-Cal Managed Care including caseload adjustments, payment of the hold harmless which was owed from 2007-08, and plan-specific data based rates. In addition, adopted trailer bill language to require the DHCS to provide County Organized Healthcare Systems (COHS) plans with preliminary rates by no later than June 30th of each year.
- Adopted the Governor's proposal to defer for one-year the implementation of Senate Bill 437 (Escutia), Statutes of 2006, to implement two pilot projects for streamlining the enrollment of children into the Medi-Cal Program and the Healthy Families Program.

- Modified the Administration's proposal to contract for blood factor product and other specialty drugs, including immunizations. Specifically, adopted placeholder legislation that would: (1) contain a three-year sunset to enable review; (2) delete any reference to exclusive contracts; (3) provide for consumer quality of care factors; (4) ensure a network of pharmacies; and (5) make clear that blood factor product choice will not be limited.
- Modified the Administration's proposal to obtain supplemental rebates for blood factor products for a savings of \$522,000 (\$261,000 General Fund).
- Modified the DHCS trailer bill language regarding the posting of information on their website.
- Adopted the DHCS adjustments for Adult Day Health Care to reflect implementation of reforms that will tighten medical necessity criteria within the program. Also adopted the Administration's trailer bill legislation clarifying that individuals residing in Intermediate Care Facilities for the Developmentally Disabled (ICF-DD-H and ICF-DD-N) are eligible for Adult Day Health Care services.
- Approved only one position, in lieu of the DHCS request for 20 new positions, to proceed with activities related to reforms to be implemented in the Adult Day Health Care Program as identified in Senate Bill 1775, Statutes of 2006. A total of 33 new positions were provided last year for this purpose.
- Denied the Administration's proposal to increase by \$1.6 million (\$800,000 General Fund) to add new reimbursement codes to Medi-Cal to allow medical providers to screen patients suspected of non-dependent substance abuse to receive services. This was denied due to the fiscal crisis and the fact that the Administration was proposing significant reductions to existing treatment programs focused on drug and alcohol treatment.
- Adopted the Administration's interim rate payment process for Public Hospitals in Medi-Cal which reflects a correction of how federal funds and General Fund moneys are reflected for accounting purposes and saves \$102.7 million General Fund in the current-year.
- Approved various reductions as proposed by the Governor regarding state staff support, the Medi-Cal Fiscal Intermediary, information processing, and consultant contracts.
- Adopted the Administration's proposal to provide Medi-Cal for Kinship children.
- Modified the California Discount Prescription Drug Program (AB 2911, Nunez, Statutes of 2006) to make it self-supporting in five years. However, the Governor vetoed all funding for this program, including all administrative funding and local assistance.
- Eliminated the sunset date of the California Working Disabled Program in order to continue operation of the program. This program has been in operation since 1999 and has been cost-beneficial to the state.
- Adopted the Governor's May Revision proposal to continue the Medi-Cal Pharmacy Pilot Project for HIV/AIDS until June 30, 2009. This action includes trailer bill language to limit the

payment of the enhanced \$9.50 dispensing fee to HIV/AIDS drugs and drugs used for treatment of opportunistic infections only.

- Governor vetoed \$1.6 million (General Fund) to make a technical correction to conform to the Legislature's action to utilize unanticipated Medi-Cal savings from 2007-08 to reduce expenditures in 2008-09.
- Governor vetoed Budget Bill Language for the DHCS to provide the Legislature with options for improving the Medi-Cal Fee-for-Service Program.

4260 DEPARTMENT OF HEALTH CARE SERVICES

Highlights for Children's Medical Services & Primary Care and Rural Health

- Provided \$24.8 million (Proposition 99 Funds) for emergency physicians who provide uncompensated care provided in hospital emergency rooms. Adopted trailer bill language which designates how these funds will be appropriated and expended.
- Rejected the Governor's proposed 10 percent General Fund reductions for the various clinic programs, including Seasonal Agricultural Migratory Worker, Rural Health Services Development, American Indian Health, and Expanded Access for Primary Care (EAPC). Also eliminated the Grants-In-Aid Program and used the \$397,000 General Fund amount to backfill for the reductions. In addition, redirected \$339,000 (Proposition 99 Funds) from the Children's Hospitals to the EAPC to assist in the backfill.
- Adopted the Governor's reduced level of Proposition 99 Funds (Cigarette and Tobacco Produce Surtax Funds) to fund community-based clinics. This reduction is primarily due to reduced revenues.
- Restored most of the 10 percent rate reduction in the California Children Services (CCS) Program, including specialty care physicians, effective March 1, 2009.
- Partially restored the Governor's proposal to reduce by 10 percent the amount of state support for Medical Therapy Services provided under the California Children's Services (CCS) Program by providing \$2.4 million in federal Title V Maternal and Child Health Funds to support the program. Therefore, a net reduction of \$1.4 million (General Fund) was made in lieu of the Governor's \$3.1 million.
- Restored most of the 10 percent rate reduction in the Child Health and Disability Prevention Program (CHDP), effective March 1, 2009.
- Adopted the Child Health Disability Prevention reduction to case management as proposed by the Governor.

- Restored most of the 10 percent rate reduction in the Genetically Handicapped Persons Program (GHPP), effective March 1, 2009.

4265 Department of Public Health

- Governor vetoed a total of \$17.5 million (General Fund) as follows:
 - \$5.5 million (GF) for HIV/AIDS Education and Prevention Programs;
 - \$2.3 million (GF) for the Domestic Violence Program;
 - \$1.8 million (GF) for the Teen SMART Outreach Program;
 - \$1.3 million (GF) for the Male Involvement Program;
 - \$984,000 (GF) for the Beach Safety Program;
 - \$748,000 (GF) for the Tuberculosis Control Housing Program;
 - \$900,000 (GF) for County Public Health jurisdictions;
 - \$1.042 million (GF) for the Childhood Lead Poisoning Prevention Program;
 - \$277,000 (GF) for the Prostate Cancer Treatment Program;
 - \$984,000 (GF) for Beach Safety Program;
 - \$403,000 for the Teen Life Skills Information and Education Program;
 - \$250,000 for the Maternal, Child and Adolescent Health Program;
 - \$976,000 for the Medical Device and Drug Safety Program;
 - \$841,000 for the Epidemiology and Prevention for Injury Control Program; and
 - \$161,000 for the Cosmetic Safety Program.
- Fully funded the AIDS Drug Assistance Program (ADAP) using special Rebate Funds in lieu of certain General Fund support. Also adopted Budget Bill Language to ensure that the ADAP formulary will be maintained as presently done.
- Provided a \$4.3 million backfill for the Therapeutic Monitoring Program using special Rebate Funds.
- Modified the Governor's reduction of \$1.6 million (General Fund) to the HIV Education and Prevention Program by redirecting \$1.35 million (General Fund) from the Department of Mental Health's AIDS Counseling Program to the Office of AIDS. Also adopted Budget Bill Language to require the Department of Public Health (DPH) to continue to fund the \$300,000 (General Fund) contract with the Hemophilia Association as part of this transition. (This action is separate and apart from the Governor's veto as noted above.)

- Adopted the Governor's reductions to state support within the Office of AIDS.
- Adopted the Governor's reductions to (1) Home and Community-Based Care for HIV/AIDS at \$400,000 (General Fund); (2) AIDS Housing at \$122,000 (General Fund); (3) Early Intervention Program at \$200,000 (General Fund); and (4) HIV Counseling and Testing at \$600,000 (General Fund).
- Modified the Governor's proposal to substantially increase the fees paid by various health care facilities within the Licensing and Certification Program to considerably reduce fees and to save over \$2.3 million General Fund. As such, the Legislature reduced fees and saved General Fund resources.
- Approved the DPH's proposal to increase by \$732,000 (Licensing and Certification Fund) and seven positions to investigate complaints against Certified Nurse Assistants, Home Health Aids and Certified Hemodialysis Technicians.
- Approved a modified implementation of Senate Bill 1312 (Alquist), Statutes of 2006, by requiring the Licensing & Certification Program to budget positions at a 1,700 hour productivity per employee level, as used by other state departments, and adopted trailer bill language to ensure a statewide implementation of the program.
- Adopted the Legislative Analyst's Office recommendation to delete \$8.5 million (General Fund) from local assistance for emergency preparedness since these funds were vetoed by the Governor in the Budget Act of 2007 and there are federal funds from prior years which are not being fully expended.
- Modified the Governor's proposal to reduce by \$235,000 (General Fund) from the Vector Borne Control Program by (1) deleting \$141,000 General Fund as recommended by the DPH; (2) increase the fees paid to fully support the Certification Program from \$36 to \$120; and (3) increase the special fee fund by \$108,000 which is to be generated by the new fee.
- Deleted a \$1.3 million (General Fund) augmentation to begin implementation of Senate Bill 739 (Speier), Statutes of 2006, as it pertains to community-based infections and increasing state staff at the Richmond Laboratory. However, an augmentation for implementation of this legislation within the Licensing and Certification Program to conduct additional surveys of hospitals was approved.
- Rejected the Administration's proposal to implement the federal Real ID Program since it is unclear exactly what the DPH would be doing and the federal government has not yet provided California with a federal grant.
- Eliminated funding for the Preventive Health Care for Adults Program which provides a \$1.25 million (General Fund) subsidy to 11 counties to provide health screens. This is a discretionary program in which the state does not need to participate and the program is not means tested.
- Rejected the Administration's proposals to reduce the Adolescent Family Life Program (AFLP).

- Eliminated the \$150,000 General Fund support for the Fatal Child Abuse and Neglect Surveillance Program and backfilled it using federal Maternal and Child Health Title V funds. The federal Maternal and Child Health Title V funds are being taken from state support.
- Adopted the Governor's reduction to the Dental Prevention Program of \$326,000 (General Fund) to reflect a 10 percent reduction.
- Adopted all of the Administration's proposed 10 percent reductions for state support, including environmental health, chronic disease prevention, cancer surveillance, food and drug, beach safety, sanitation and radiation, drinking water, health information, communicable disease, West Nile Virus, maternal and child health, administrative services and several others.
- Deleted \$1.03 million (General Fund) support from the Biomonitoring Program and increases by the same level the Toxic Substance Control Account to fund this program in 2008-09. Also adopted trailer bill legislation for this purpose.
- Approved the Genetic Disease Screening Program as adjusted at the May Revision.
- Rejected a \$2.5 million (General Fund) increase for the construction of modifications at the Viral and Rickettsial Disease Laboratory which is part of the Richmond Laboratory complex. This expenditure is not necessary at this time due to the fiscal crisis.
- Reflected the Governor's decision to rescind his May Revision proposal to obtain a loan to the General Fund from the Drinking Water Treatment and Research Fund in the amount of \$8.5 million.
- Adopted the Governor's proposal to obtain a loan to the General Fund from the Occupational Lead Poisoning Prevention Account in the amount of \$1.1 million.
- Adopted the Governor's proposal to obtain a loan to the General Fund from the Drinking Water Operator Certification Special Account in the amount of \$1.6 million.
- Provided an increase of \$430,000 (Safe Drinking Water) to fund four positions to continue the oversight and implementation of the Small Water Program for Fresno County. Also adopted trailer bill language to require the DPH to provide the Legislature with a synopsis of key issues regarding the program and options for addressing the sustainability of the Small Drinking Water Program to meet drinking water standards.
- Approved the DPH's enterprise-wide online licensing project which will be used to improve the DPH's fee collection process.
- Approved trailer bill legislation to permanently eliminate the state's obligation to provide \$20.2 million General Fund annually to the County Medical Services Program (CMSP) and technical changes as proposed by the DPH regarding the administration of the CMSP Account.

- Reduced by \$219,000 (General Fund) the food microbiology and foodborne illness investigation as requested by the DPH due to the fiscal crisis. This reduction would still leave six staff within the branch to respond to these issues.
- Reduced by \$501,000 (General Fund) and five positions in the Sexually Transmitted Disease Control Program as proposed by the Governor.

4270 California Medical Assistance Commission (CMAC)

- Adopted the Governor's 10 percent reduction for savings of \$143,000 (General Fund).

4280 Managed Risk Medical Insurance Board

- Reduced by five percent the rate paid to health, dental, and vision plans participating in the Healthy Families Program as proposed by the Governor. The action results in a savings of \$40.6 million (\$14.4 million General Fund).
- Increased the premiums paid by certain families for enrollment of their children in the Healthy Families Program. The adopted increases were less than half of that proposed by the Governor. Specifically, subscribers with incomes from 151 to 200 percent of poverty will have their monthly premium increased by \$3 dollars to be \$12 per child. This is the first time these families have had their premiums increased since inception of the program in 1998. Subscribers with incomes over 200 percent of poverty will have their monthly premium increased by \$2 to be \$17 per child. These families had their premiums increased in 2005. Subscribers with incomes from 100 to 150 percent of poverty remain at their existing premium level with no increase.
- Rejected the Governor's proposal to increase co-payments for certain services in the Healthy Families Program from \$5 to \$7.50 for families with incomes over 150 percent of poverty.
- Adopted an annual limit for dental coverage within the Healthy Families Program for a reduction of \$4 million (\$1.1 million General Fund) effective as of November 1, 2008. The annual limit would be \$1,500. The Governor had proposed a \$1,000 annual cap.
- Increased by \$3.7 million (\$960,000 Proposition 99 Funds, Unallocated Account) the Rural Health Demonstration Projects within the Healthy Families Program. The total appropriation is \$6.3 million (total funds).
- Adopted the Governor's proposal to defer, for one-year, the implementation of Senate Bill 437 (Escutia), Statutes of 2006, to implement two pilot projects for streamlining the enrollment of children into the Healthy Families Program and the Medi-Cal Program.

- Adopted placeholder legislation to delete photo chromatic lens from the Healthy Families Program vision package as requested by the Governor since these lens are for adults, not children, and can be costly.

4300 Department of Developmental Services

Community-Based Services provided Under Regional Centers

- Provided a total of \$3.9 billion (\$2.4 billion General Fund) for the Regional Centers to provide community-based services and appropriate case management services as required by the Lanterman Act for 2008-09.
- Continued “cost containment” measures in the Purchase of Services area as proposed by the Governor for a reduction of \$311.4 million (\$214.6 million General Fund). These cost containment measures include (1) freezing non-community placement start-up; (2) freeze rates for Day Program, Work Activity, and In-Home Respite; (3) freeze rates for Community Care Facilities and eliminate the SSI/SSP pass-through to these facilities; (4) freeze the rates for contract services negotiated by the Regional Centers; and (5) freeze rates for habilitation services. These actions are effective as of July 1, 2008, and were implemented in ABX3 5, Statutes of 2008.
- Extended the cost containment measures to also include the freezing of new programs and services negotiated by the Regional Centers for a reduction of \$38.3 million (total funds) as proposed by the Governor. This action is effective as of July 1, 2008, and was implemented in ABX3 5, Statutes of 2008.
- Continued “cost containment” measures in the Operations area as proposed by the Governor for a reduction of \$36.9 million (\$20.9 million General Fund). This includes (1) having the Regional Centers conduct intake and assessment activities of consumers from 60-days to 120-days; and (2) using a caseload ratio of 1:66 (worker to consumer). These actions are effective as of July 1, 2008, and were implemented in ABX3 5, Statutes of 2008.
- Reduced by 10 percent the rates paid to Supported Employment Programs, effective as of July 1, 2008, as proposed by the Governor. This action saves \$9.3 million (\$7.5 million General Fund). Therefore the job coaching rate would be \$30.82 per hour versus \$34.24 an hour as presently provided. This action also affects programs operated by the Department of Rehabilitation. This rate change is contained within AB 1183, the Omnibus Health Trailer Bill.
- Reduced by 10 percent the amount of funding for Regional Center Operations functions related to community placement planning as proposed by the Governor. A reduction of \$2 million (General Fund) was adopted for 2008-09 and can be done administratively.
- Modified the Family Cost Participation Program as proposed by the Governor to include Early Start consumers (i.e., under three years of age) as of October 1, 2008. This results in a

reduction of \$773,000 (General Fund). This action was implemented in ABX3 5, Statutes of 2008.

- Adopted a series of changes as proposed in the Governor's August Revision to reduce by \$13 million (General Fund). These include the following: (1) shifts \$5 million in the Early Start Program from General Fund support to Proposition 10 funding; (2) requires Regional Centers to conform their procedures to purchasing services for individuals to existing law and for the Department of Developmental Services (DDS) to provide appropriate monitoring; and (3) requires Regional Centers to consider parental responsibility when purchasing services for individuals with special needs. Statutory changes for these Governor's August Revision actions are contained within AB 1183, the Omnibus Health Trailer Bill.
- Provided about \$137 million (\$71.8 million General Fund), along with 76 positions, related to the Agnews Developmental Center closure. This expenditure figure includes \$31.1 million (\$4.2 million General Fund) in expenditures in the Developmental Center item and \$105.3 million (\$67.6 million General Fund) in expenditures in the Regional Center item.
- Continued to provide Optional Benefits to all individuals receiving health care services through the Medi-Cal Program.
- Eliminated the supplemental rate for the Devereux facility as proposed by the Governor for a reduction of \$1.2 million General Fund.
- Eliminated the special contract arrangement for the Best Buddies Program for a reduction of \$1.5 million (General Fund). This program can receive reimbursement through the Purchase of Services funding provided to Regional Centers; this is how all other programs which serve individuals with developmental disabilities are reimbursed for services.
- Reduced by \$512,000 (General Fund), or 10 percent, the amount appropriated for the client's rights advocacy contract as proposed by the Governor. A total of \$4.6 million remains for this purpose.
- Governor vetoed \$2.046 million (\$1.228 million General Fund) to conform to the pass through of the January 1, 2007 federal Supplemental Security Income cost-of-living-adjustment.

State-Operated Developmental Centers and Headquarters Support

- Provided \$537.5 million (\$357.4 million General Fund) for the operation of the state-administered Developmental Centers.
- Provided for reappropriation authority for the Developmental Centers item and the Regional Centers item to provide for the closure of Agnews Developmental Center in 2008-09. This authority will enable funding to be shifted between the two items to ensure consumer health and safety as individuals transfer from Agnews to the community.

- Deferred any population expansion at Porterville Developmental Center for the Secure Treatment Program beyond the existing 300 beds for savings of \$11.7 million (General Fund) in 2008-09 as proposed by the Governor. Trailer bill legislation was also adopted for this purpose.
- Deferred for one year the \$18.3 million (General Fund) request for the construction phase of the 24 satellite kitchens and dining rooms at Porterville.
- Reduced by \$1.1 million (\$663,000 General Fund) as proposed by the Governor to reflect the elimination of two “off-site” Regional Resource Development Projects which results in a reduction of 12 state positions and related operating expenses.
- Reduced by \$10.2 million (\$5.9 million General Fund) from the operating expenses and equipment area of the Developmental Center’s budget as proposed by the Governor. This reduction is to focus on equipment, staff travel, delaying certain purchases, and on non-critical operating expenses.
- Denied the DDS request for \$600,000 (General Fund) for external security cameras for the Secure Treatment Program and the 96-bed expansion at Porterville since the expansion was deferred for one-year.
- Reduced by \$204,000 (\$119,000 General Fund), or 10 percent, the amount provided for client’s rights advocacy as proposed by the Governor.
- Reduced by \$913,000 (Proposition 98 General Fund) in education funds used by the Developmental Centers. This reduction would happen on the natural due to the closure of Agnews Developmental Center.
- Eliminated 13 state positions as proposed by the Governor at Porterville Developmental Center for savings of \$938,000 (\$547,000 General Fund).
- Reduced by \$4.2 million (\$2.3 million General Fund) the amount of fees paid by the DDS for licensing and certification purposes. This reduction amount occurs on the natural with the Administration’s closure of Agnews Developmental Center.
- Eliminated six positions at the DDS who conduct audits for savings of \$362,000 (General Fund) as proposed by the Governor.
- Eliminated a Psychologist and Physician from the DDS headquarters for savings of \$255,000 (\$128,000 General Fund) as proposed by the Governor.
- Eliminated two Community Program Specialist II’s for savings of \$158,000 (\$80,000 General Fund) as proposed by the Governor.
- Reduced by \$1.42 million (General Fund) operating expenses and equipment as proposed by the Governor.

4440 Department of Mental Health**Community-Based Services**

- Adopted the Governor's proposals to reduce the Early Periodic Screening, Diagnosis and Treatment (EPSDT) Program by \$14.6 million (General Fund) for 2008-09 by not providing a home health market basket cost-of-living-adjustment (COLA) and through increased oversight by the Department of Mental Health (DMH) of this program which is expected to reduce the cost per child. These actions are consistent with action taken in ABX3 5.
- Governor vetoed \$7.72 million (GF) from the Mental Health Managed Care Program. This veto results in a corresponding reduction of \$7.20 million in lost federal matching funds.
- Governor vetoed \$152,000 (\$52,000 General Fund) from the supplemental mental health services provided to children enrolled in the Healthy Families Program.
- Rejected the DMH proposal to significantly reduce the Schedule of Maximum Allowances for all Medi-Cal programs, including the EPSDT Program and the Mental Health Managed Care Program.
- Rejected the DMH proposal to implement a Six-Month Reauthorization Program for the EPSDT Program since the proposal was unclear and would have eliminated over 2,500 children from treatment.
- Adopted an "alternative" EPSDT proposal to implement a statewide performance improvement project to implement strategies and interventions that are data driven to determine the effectiveness of the quality of services provided to certain children enrolled in EPSDT. This action is estimated to save \$29.1 million (\$12.15 million General Fund). Trailer bill legislation was adopted for this purpose.
- Rejected the Administration's proposal to reduce by \$23.8 million (General Fund), or 10 percent, the amount the state provides to counties for Mental Health Managed Care. Instead, a reduction of \$5.35 million (General Fund) was adopted to delete state support for federal regulations. The Administration is beginning the process to renegotiate the state's Mental Health Waiver with the federal government and has the opportunity to streamline these requirements.
- Increased the local assistance allocation for Mental Health Services Act Funds (Proposition 63 Funds) by a total of \$37.15 million for certain special statewide projects, including Suicide Prevention, to be implemented as designated by the Mental Health Services Oversight and Accountability Commission (Oversight Commission). Also adopted trailer bill legislation for the DMH to provide data to the Oversight Commission regarding the statewide projects.
- Adopted Budget Bill Language to require the DMH to provide the DOF and Legislature with a Fund Condition statement regarding the Housing Support account and expenditures related to the Housing Initiative under the Mental Health Services Act.

- Rejected the Governor's proposed reduction of \$1.6 million (Proposition 98 General Fund), or 10 percent, to the Early Mental Health Initiative.
- Provided \$750,000 (General Fund) in support of providing a supplemental rate for Community Treatment facilities, in lieu of the Administration's proposal to eliminate all funding. The \$750,000 will support those beds that are still in operation and will fund them at the existing rate.
- Approved funding for the San Mateo Pharmacy and Laboratory project, including past-year payments, and adopted the Governor's 10 percent reduction of \$464,000 (General Fund).
- Adopted the caseload adjustments for the supplemental mental health services provided to children enrolled in the Healthy Families Program but rejected the Administration's 10 percent reduction to these services.
- Adopted the Administration's proposal to reduce by 10 percent, or \$1.2 million (General Fund), the Caregiver Resource Centers.
- Approved an increase of \$600,000 (General Fund) as requested by the DMH for the community placement of forensic individuals being released from the State Hospital system into the community as directed by the courts.
- Fully funded the Early Mental Health Initiative within the DMH by rejecting the Governor's 10 percent reduction of \$1.6 million (Proposition 98 General Fund).
- Adopted the Governor's 10 percent reduction of \$150,000 (General Fund) for the AIDS Counseling Program and transferred the remaining amount of \$1.35 million (General Fund) to the Office of AIDS within the Department of Public Health to operate. Also adopted Budget Bill Language to require the DPH to continue to fund the \$300,000 (General Fund) contract with the Hemophilia Association as part of this transition.
- Passed AB 1805 to clarify funding for children, placed in out-of-state facilities under specified circumstances, who need mental health services. However this legislation was vetoed by the Governor.
- Included Budget Bill Language specifying legislative intent for counties to consider ways to provide services similar to those established pursuant to the Mentally Ill Offender Crime Reduction Grant program using Proposition 63—Mental Health Services Act—funds.

State Hospitals and Headquarters Support

- Adopted the Administration's May Revision for the State Hospital patient population to reflect reductions in caseload, as originally identified by the Legislative Analyst's Office.

- Adopted Budget Bill Language to have the Office of State Audits and Evaluations conduct an analysis of the methodology used by the DMH in developing its budget estimate for the State Hospitals.
- Deleted \$5.1 million (General Fund) for DMH headquarter staff and administrative costs associated with further implementation of certain federal requirements. These funds were not provided since the DMH has funds available for this purpose due to salary savings from vacant positions.
- Approved the continued activation of Coalinga State Hospital as proposed by the Administration as adjusted at the May Revision.
- Approved, as requested, an increase of \$3.04 million (General Fund) to fund initial evaluations in the department's Sexually Violent Predator (SVP) Program. This increased funding will provide for 545 initial evaluations. Total 2008-09 expenditures for initial evaluations is \$23 million (General Fund) for 5,742 initial evaluations.
- Approved as requested the 64-bed expansion of the psychiatric program at Salinas Valley Prison. This program is administered by the DMH.
- Eliminated the state General Fund subsidy for county-purchased State Hospital beds for a savings of \$9.8 million (General Fund). This state subsidy had been in place since the mid-1990s to facilitate the purchase of State Hospital beds by County Mental Health Plans. However, with the further development of community-based resources, counties now have more options for treating patients and should therefore pay the customary rate for a State Hospital bed when one is deemed necessary.
- Increased by \$5.8 million (Mental Health Services Act Funds) for state support.
- Reduced state administration by \$1.9 million (General Fund), as requested by the Administration, to reflect a 10 percent reduction.
- Approved, as requested, a Mental Health Specialist position on an 18-month limited-term basis to implement Senate Bill 785 (Steinberg), Statutes of 2007, regarding foster care youth and mental health services. Appropriated \$94,000 in Mental Health Services Act Funds for this purpose in lieu of General Fund support.

HUMAN SERVICES

4140 Office of Statewide Health Planning and Development

- Removed \$5.04 million GF from the Song-Brown Program and replaced it with \$5.04 million in funding from the California Health Data and Planning Fund (CHDPF). Of the total, \$497,000 will be permanently replaced with CHDPF funding and the remaining \$4.5 million is a one-time shift in 2008-09.
- Approved the following funding and positions to increase the number of mental health providers in California:
 - > \$260,000 from the mental health Practitioner Education Fund for the Licensed Health Service Provider Education program to provide 17 additional loan repayment grants beginning July 1, 2008.
 - > \$500,000 in Mental Health Services Act (MHSA) funding from the Department of Mental Health to train physician assistants to provide mental health care services in public mental health settings and/or in areas of unmet priority need.
 - > \$117,000 in MHSA funding and one position for the Office of Statewide Health Planning and Development (OSHPD) to increase the number of counties or Medical Services Study Areas designated as mental health professional shortage areas.
 - > Approved \$2.8 million in MHSA funding and two positions to establish the Mental Health Loan Assumption Program. This program will augment the existing Licensed Mental Health Services Provider Education Program, which provides loan repayment awards to mental health professionals in California who enter into a contractual agreement with OSHPD to provide a two-year, full-time service obligation in a designated mental health professional shortage area or qualified facility.
- Approved \$439,000 from the California Health Data and Planning Fund and four positions to implement the Health Care Workforce Clearinghouse Program established by Chapter 522, Statutes of 2007 (SB 139). The Clearinghouse will serve as the central source of health care workforce and educational data in the State.
- Approved \$614,000 in one-time funding from the Hospital Building Fund and one limited-term position to provide health impact assessments for hospitals requesting a seismic safety deadline extension pursuant to Chapter 642, Statutes of 2007 (SB 306).
- Approved \$329,000 and two positions for OSHPD's Pre-Approval Program and Contracts Management Function to reduce plan turnaround time for healthcare facility construction projects.

4170 California Department of Aging

- Rejected a \$629,000 GF reduction to the following senior nutrition programs: Home-Delivered Meals (\$316,000 GF); Congregate Nutrition (\$253,000 GF), and the Brown Bag Program (\$60,000 GF). Governor vetoed the restorations.
- Rejected a \$416,000 GF reduction to the Alzheimer's Day Care Resource Center (ADCRC) Program. The ADCRC Program provides day care to persons 18 years or older with Alzheimer's disease and other related dementias who are often unable to be served by other programs due to their advanced dementia. Governor vetoed the restoration.
- Adopted the following reductions:
 - > \$5.05 million (\$2.53 million GF) reduction to the Multipurpose Senior Services Program. Governor reduced the program further by \$2,526,000.
 - > \$544,000 GF reduction to the Linkages Program. Governor reduced the program further by \$250,000.
 - > \$250,000 GF reduction to the Long-Term Care Ombudsman Program. Governor reduced the Long-Term Care Program and Supportive Services programs by an additional \$5,978,000.
 - > \$99,000 GF reduction to the Area Agencies on Aging funding for administration.
 - > \$35,000 GF reduction to the Respite Purchase of Service Program.
 - > \$35,000 GF reduction to the Senior Companion Program.
 - > \$25,000 GF to the Senior Legal Hotline. Governor reduced the program further by \$200,000.
- Adopted a \$1.5 million GF reduction to the Senior Community Services Employment Program (SCSEP) to reflect a \$1.5 million increase in federal funding received for the program. Governor reduced program further by \$3,165,000.
- Adopted a \$222,000 (\$76,000 GF) reduction to the administration and operating expense and equipment funding of the California Department of Aging (CDA) and eliminated 2.5 positions.
- Approved \$514,000 in additional federal fund authority for the existing Health Insurance Counseling and Advocacy Program to enable the CDA to implement additional program elements added by the federal Centers for Medicare and Medicaid Services.

4180 Commission on Aging

- Approved as budgeted.

4185 California Senior Legislature

- Approved as budgeted.

4200 Department of Alcohol and Drug Programs

- Rejected the following ten percent budget balancing reductions as proposed by the Administration:
 - > \$3.1 million GF reduction to drug court programs (the Comprehensive Drug Court Implementation, Drug Court Partnership, and Dependency Drug Court). Governor reduced these programs further by \$2983,000.
 - > \$3.1 million GF reduction to Non-Drug Medi-Cal Regular (\$733,000 GF) and Non-Drug Medi-Cal Perinatal (\$2.3 million) programs. Governor reduced this program further by \$579,000.
- Reduced the Substance Abuse and Crime Prevention Act by \$10 million and the Substance Abuse Offender Treatment Program by \$2 million. Governor reduced the Substance Abuse Offender treatment Program by an additional \$2 million.
- Appropriated \$8 million GF (a \$2 million reduction to the program) to the California Methamphetamine Initiative (CMI). The CMI is a statewide marketing and outreach campaign to reduce and prevent abuse of methamphetamine among gay men, women of childbearing years, and teens. The funding for 2008-09 would have been the last year of funding for the initiative. Governor vetoed the \$8 million appropriation.
- Approved the following budget requests related to problem and pathological gambling prevention and treatment services:
 - > \$5 million from the Indian Gaming Special Distribution Fund and two limited-term positions to develop and implement treatment programs for problem and pathological gamblers. Of the total, \$4 million will be allocated, via a competitive grant application process, to local governments, public universities, and community organizations for treatment programs. The remaining \$1 million will be used for counselor training, training materials, campaigns to raise public awareness about the availability of treatment, surveys and evaluations, and state staff.
 - > \$400,000 to expand research and prevention services for problem and pathological gamblers. Of this, \$150,000 is from the Gambling Addiction Program Fund and \$250,000 (\$190,000 one-time) is reimbursement from the California State Lottery. The ADP will take over responsibility on an on-going basis for the toll-free helpline currently operated by the Lottery by merging it with the toll-free helpline already operated by the ADP.
- Approved \$4.83 million in federal funds and four limited-term positions to maintain and expand the existing California Access to Recovery Effort (CARE) Program. In October 2007, California was awarded a second, three-year grant for the CARE Program, which provides vouchers to youth between 12 and 20 years of age seeking substance abuse treatment.
- Shifted \$2.1 million General Fund and one position from ADP to the Department of Social Services (DSS) to transfer responsibility for the administration and oversight of the Indian

Health Care Clinic program back to DSS. This will streamline the administrative process by having only one department approve and submit claims for payment, issue instructions to the clinics, and provide technical assistance.

- Rejected the redirection of \$575,000 in federal Substance Abuse Prevention Treatment (SAPT) Block Grant funding and three positions to develop standards for women's substance abuse treatment services.
- Rejected \$250,000 in one-time SAPT funding for a contract to conduct a baseline business analysis and feasibility study and to prepare a feasibility study report to develop a system to track local assistance spending throughout ADP's entire business process and to link cost information to client outcomes.
- Approved the redirection of \$173,000 in federal SAPT funding and two positions to address expanded planning and reporting requirements to maintain SAPT funding.
- Governor reduced: \$776,000 and 3 positions for the Drug Medi-Cal Program; \$154,000 for the Non-Drug Medi-Cal Program; \$110,000 and 0.5 positions for the Drug Court Programs; and \$30,000 and 0.4 positions for the Offender Treatment Program.

4700 Department of Community Services and Development

- Adopted a \$300,000 GF budget balancing reduction to the Naturalization Services Program as proposed by the Administration. Governor deleted \$2,565,000 for this program, and eliminated the \$154,000 in state operations for it.
- Approved \$957,000 (\$19,000 GF) to provide funding for expenses associated with the Department of Community Services and Development's (CSD's) anticipated move. The CSD recently received notification from the owner of their building that they would have to vacate their office space in the spring of 2009.
- Shifted \$50,000 in federal fund authority from 2007-08 to 2008-09 to reflect delayed implementation of the Prisoner Reentry Initiative Program, a federal grant to provide services to probationers and parolees to ensure their successful reentry into society.

5160 Department of Rehabilitation

- Authorized \$1.1 million of increased federal fund authority to support the second year procurement, system development, and system integration activities related to the Electronic Records System project to replace the existing field computer system.
- Adopted the following budget balancing reductions as proposed by the Administration for savings of \$6.18 million (\$3.22 million GF):
 - > \$3.6 million (\$638,000 GF) to DOR's operating expenses and equipment budget by reducing expenditures on printing, postage, travel, training, consultant services, data center

services, and equipment. As part of this action, rejected the closure of district offices in 2009-10.

- > \$728,000 GF reduction to the Supported Employment Program to reflect a ten percent rate reduction. The \$2.7 million in federal funds associated with this GF cut will be redirected to cooperative programs where the partner agencies will provide the required matching funds.
 - > \$700,000 (\$150,000 GF) reduction to the Department of Rehabilitation's headquarters budget by eliminating \$4.5 positions and associated operating expenses.
 - > \$416,000 GF reduction (\$1.7 million GF annualized) to base program case services by shifting consumers to cooperative programs for services.
 - > \$350,000 GF reduction (\$700,000 GF annualized) to contract funding to service providers by shifting services to a fee-for-service basis.
 - > \$350,000 GF reduction (\$700,000 GF annualized) to cases services expenditures by eliminating the purchase of non-federally mandated services and reducing expenditures for other services by using comparable and no cost services. The \$4.1 million in federal funds associated with this and the previous two GF cuts will be redirected to cooperative programs where the partner agencies will provide the required matching funds.
 - > \$40,000 GF reduction to the Independent Living Centers by eliminating one-half a position and associated operating expenses.
- Rejected \$884,000 GF in rate reductions to Community Rehabilitation Providers, Individual Service Providers, and Contract Providers as these providers have not received rate increases in over six years.

5170 State Independent Living Council

- Approved as budgeted.

5175 Department of Child Support Services

- Reduced funding for the California Child Support Automation System (CCSAS) project by \$38.7 million (\$18.6 million General Fund) to reflect cost changes identified in various approved special project reports and budget Control Section 11.0 notification letters to the Legislature.
- Approved the transfer of \$44.5 million GF and 146 positions from the Franchise Tax Board (FTB) to DCSS for CCSAS and associated budget bill and trailer bill language. The FTB originally had responsibility for developing CCSAS, but this responsibility has been transitioning to DCSS over the past few years. This final transfer of funding and positions will consolidate development and ongoing administration of CCSAS in DCSS.

- Reappropriated \$5.7 million (\$1.9 million GF) to allow the CCSAS business partner to continue to provide maintenance and support for the Enterprise Customer Service Solution (ECSS) until September 30, 2010. The ECSS is a central self-service interactive voice response system, central call routing engine, and standardized hardware and software for Local Child Support Agencies (LCSAs) and the state call center.
- Reduced the State Disbursement Unit Service Provider contract by \$5.5 million (\$1.6 million GF) to reflect lower costs due to decreased transaction volume.
- Rejected the budget balancing reduction to the child support state hearings. As an alternative, adopted trailer bill language requiring DCSS to provide comprehensive data from the state hearing pilot project that demonstrates that the pilot has reduced state hearings, a breakdown of how the pilot's revised process results in savings to state hearings costs, and trailer bill language that puts the specific new hearing process in statute. Also adopted \$183,000 in GF savings and reappropriated an equal amount of GF from unspent prior year DCSS funding for one more year to cover the costs of the current state hearing process.
- Approved \$700,000 (\$230,000 GF) and 7.5 positions, and trailer bill language to make the Compromise of Arrears Program (COAP) permanent. COAP offers reduced lump-sum payments of child support arrearages to parents in exchange for their commitment to make on-going child support payments.
- Approved the following budget balancing reductions proposed by the Administration for savings of \$12.19 million (\$4.10 million GF):
 - > \$193,000 (\$66,000 GF) reduction to the Public Inquiry and Response Team and elimination of 2.5 positions.
 - > \$530,000 (\$180,000 GF) reduction to the Quality Assurance and Performance Improvement unit and elimination of 6.5 positions.
 - > \$133,000 (\$45,000 GF) reduction to the contract performance support.
 - > \$307,000 (\$104,000 GF) reduction to information technology support.
 - > \$4.84 million (\$1.64 million GF) reduction to DCSS' administrative overhead and elimination of 19 positions for various administrative functions and contracts.
 - > \$4.3 million (\$1.5 million GF) reduction to the contract with the Judicial Council. The GF cut will be backfilled by the Judicial Council and, in turn, the Judicial Council will receive directly an additional \$5.5 million in federal matching funds.
 - > \$781,000 (\$175,000 GF) reduction to contracts with various state agencies to locate non-custodial parents and their assets, and for the intercept of these assets resulting from administrative and workload savings in the contracts.

- > \$1.1 million (\$383,000 GF) reduction and elimination of 14 positions for DCSS' customer services operations.
- Transferred a total of \$12.99 million (\$4.43 million GF from local assistance to state operations for DCSS to perform the following functions which are shifting from the LCSAs to DCSS under the statewide CCSAS system:
 - > \$12.6 million (\$4.3 million GF) for DCSS to print and mail child support forms and notices through the Office of State Publishing. In the event that actual costs are less than projected, the Legislature approved budget bill language requiring the extra funds to be transferred back to local assistance.
 - > \$194,000 (\$66,000 GF) and two limited-term positions for DCSS to maintain the CCSAS reference data and review it for duplicate, conflicting or missing data elements.
 - > \$196,000 (\$67,000 GF) and two positions to analyze changes to and ensure proper completion of the required federal Office of Child Support Enforcement reports and the state child support reports.
- Reverted \$14.8 million GF in unspent funding provided in 2006-07 for one-time payments of non-custodial parents' arrearage balances created by the transition to a new payment processing method resulting from the implementation of CCSAS.
- Approved \$881,000 (\$299,000 GF) to cover the increased costs for fees charged for the Federal Income Tax intercepts related to an increased number of intercepts. Intercepts are anticipated to increase as a result of the one-time Economic Stimulus Act and because intercepts may now be done for non-minors.

5180 Department of Social Services

CalWORKs

- Rejected the Administration's proposals to impose graduated full-family sanctions, restrict safety-net grants, eliminate grants for children of CalWORKs-ineligible parents, require CalWORKs families not meeting federal work participation requirements to attend an in-person semi-annual self-sufficiency review, and cut CalWORKs grant levels by five percent.
- Approved \$2 million to begin implementation of the Governor's Work Incentive Nutritional Supplement (WINS) program, in tandem with a Pre-Assistance Employment Readiness Program. Governor vetoed the \$2 million, delaying the program.
- Approved the suspension of the 2008 CalWORKs COLA as of October 1, 2008 for savings of \$121.5 million. (The Legislature already took action to suspend the 2008 COLA from July to October during the special session.)

- Rejected the Administration's proposal to limit the maximum reimbursement rates for alternative payment programs to the 75th percentile. Approved net savings of \$19.4 million (\$139,000 GF) for CalWORKs Stage 1 child care provider costs resulting from delaying the implementation of the 2007 revised regional market rate ceiling from January 2009 to March 2009. Approved a \$16.8 million decrease in the child care holdback to reflect the removal of Stage 2 child care, which is being funded with Proposition 98 rather than TANF.
- Provided \$10 million TANF/MOE to counties for employment services. Adopted a \$10.3 million reduction to the single allocation to be backfilled with unspent county performance and fraud recovery incentive funds and language specifying that the reduction will be the lesser of \$10.3 million or what is available in unspent county performance and fraud recovery incentive funds.
- Reduced funding to be set aside for the TANF reserve to \$0.
- Rejected exchanging \$447.4 million in federal TANF funds for GF that is currently expended in the following TANF-qualifying programs: CalGrants (\$223 million); Juvenile Probation (\$151.8 million); Emergency Assistance Foster Care (\$50.4 million); and increased Title XX transfer to the Department of Developmental Services (\$22.2 million).
- Adopted trailer bill language to delay implementation of the Temporary Assistance Program from the current date of April 1, 2009 to April 1, 2010.
- Approved \$1.15 million in TANF funding and ten positions for DSS to support data collection for federal work participation in each county, including verification of data and reporting procedures, and to perform oversight and field monitoring of county procedure and case documentation for verification for recipient participation hours at the county level. These resources are necessitated by recent federal changes to work verification requirements.

Food Programs

- Reduced funding provided to counties for the administration of the Food Stamp Program by \$20.9 million (\$8.6 million GF).
- Rejected Administration's proposal to reduce California Food Assistance Program (CFAP) benefits by ten percent.
- Approved \$1.8 million (\$992,000 GF) for implementation of a waiver of the face-to-face interview requirement for Food Stamp Program applicants where a single head of household is working at least 30 hours per week and where couples are each working at least 20 hours per week. The funding would cover additional CFAP grant costs and additional administration costs resulting from increased participation.

Supplemental Security Income/State Supplementary Program (SSI/SSP)

- Adopted the suspension of the October 2008 and June 2009 State Supplementary Program (SSP) cost-of-living adjustment (COLA) for \$222 million GF savings. (The Legislature already took action to suspend the 2008 SSP COLA from June to October during the special session.)
- Rejected the Administration's proposals to retain the January 2009 federal Supplemental Security Income (SSI) COLA rather than pass it through to recipients and to eliminate the Cash Assistance Program for Immigrants (CAPI), which provides benefits equivalent to SSI/SSP to aged, blind, and disabled legal immigrants.
- Adopted trailer bill language to extend the CAPI advocacy program sunset from June 30, 2009 to July 1, 2011. Adopted supplemental report language to require DSS to report by July 1, 2010, by county, on the number of SSI applications filed by CAPI recipients through the advocacy program, the number of those SSI applications approved, and the amount of savings resulting from the program.

In-Home Supportive Services (IHSS) Program

- Rejected the Administration's proposals to limit the state's participation in the cost of IHSS provider wages and benefits to the minimum wage (\$8.00 per hour) plus \$0.60 per hour for benefits, to change the criteria for IHSS recipients to qualify for domestic and related services based on their functional index score, and to eliminate the IHSS share of cost buy-out for those recipients with a functional index score below four.
- Approved \$1.7 million (\$836,000 GF) to make the 16 existing limited-term positions that administer and monitor the IHSS Quality Assurance program permanent. Approved \$439,000 (\$220,000 GF) to make the five existing limited-term positions that implement, administer, and monitor the IHSS Plus Waiver permanent.
- Approved \$15 million (\$5.3 million GF) reduction to Country Administration.
- Rejected the Administration's proposal to eliminate domestic and related services for IHSS clients with a function index below 4.
- Rejected the Administration's proposal to eliminate the buy-out difference between the Medi-Cal and IHSS share of cost, for IHSS clients with a functional index below 4.

Children and Family Services Programs

- Rejected the Administration's proposal to impose a ten percent cut to the Basic Care, Specialized Care, and Clothing Allowance rates for the Foster Care, Kin-GAP, and Adoption Assistance programs.

- Rejected the Administration's proposal to cut the Child Welfare Services allocation by 11.4 percent for savings of \$129.6 million (\$83.7 million GF).
- Rejected the Administration's proposal to cut the Adult Protective Services program by 10 percent for savings of \$11.4 million (\$6.1 million GF). (The Governor vetoed this funding.)
- Rejected the Administration's budget balancing reduction proposal to privatize the Independent Adoption Program (IAP). As an alternative, adopted fee increases for IAP activities, and provided \$100,000 and one position and adopted trailer bill language to strengthen the ability of DSS to collect IAP fees. Also adopted noncodified trailer bill language requiring DSS to continue to work with stakeholders on IAP improvements and to report back during the 2009 budget subcommittee hearings.
- Provided \$9.4 million GF to enable DSS to pay a Program Improvement Plan (PIP) penalty assessed by the federal government for California's failure to meet performance requirements during the first federal Child and Family Services Review (CFSR). Although California is still appealing the penalty, payment will avoid the further accrual of interest charges of approximately \$100,000 per month. If DSS is successful in the appeal, the penalty and any interest paid will be repaid to the State. Also approved \$300,000 (\$188,000 GF) for a county contractor to coordinate the implementation of the PIP resulting from the second, recently completed CFSR.
- Approved an increase of \$10.2 million (\$3.4 million GF) in foster care funding due to delayed implementation of program enhancements to the Kinship Guardianship Assistance Payment (Kin-GAP) Program resulting from programmatic issues relating to Medi-Cal and child support collections and the length of time it taking cases to move through the dependency court.
- Adopted an \$8.8 million (\$3.8 million GF) decrease in funding for children who are regional center consumers and in receipt of either Aid to Families with Dependent Children-Foster Care (AFDC-FC) or Adoption Assistance Payments (AAP) benefits (also called "dual agency" children) due to a 31 percent reduction in the estimated Dual Agency foster care population.
- Adopted trailer bill language to delay implementation, for two years, the following recently enacted statutes resulting in savings of \$2.6 million (\$1.5 million GF): Chapter 386, Statutes of 2006 (AB 2488) regarding the disclosure of sibling contact information by adoption agencies; Chapter 65, Statutes of 2007 (AB 1462) regarding board and care costs for for-profit group home foster care facilities; Rejected \$407,000 (\$258,000 GF) in state operations funding and four positions for implementation of Chapter 465, Statutes of 2007 (AB 1331) regarding screening foster youth for SSI eligibility and applying for SSI benefits on their behalf (but funded the local assistance portion) and Chapter 466, Statutes of 2007 (AB 1453) regarding restructuring the current group home foster care system to a residentially-based services system.
- Adopted an on-going \$127,000 GF reduction and a one-time \$2.8 million GF reduction to the Foster Family Home and Small Family Home Insurance Fund.

- Approved the continuation of two limited-term positions to support administrative oversight of the Title IV-E Child Welfare Waiver Capped Allocation Project (CAP), but rejected transfer of \$807,000 in local assistance funding from the CAP counties to state operations to fund the state administrative oversight.

Community Care Licensing

- Rejected the Administration's proposals to reduce the required number of annual random visits from 30 percent of facilities to 14 percent of facilities and to cut 33 positions from the Community Care Licensing (CCL) Division. Approved \$1.1 million (\$1.0 million GF) and continuation of 29 limited-term positions for an additional 18 months to enable the CCL Division to clear a backlog of facilities that have not been visited in more than five years as required by law.
- Approved trailer bill language to extend the moratorium for two years on the statutory trigger language that requires annual visits for an additional ten percent of facilities if citations increase by 10 percent or more and requiring DSS to submit a revised statutory trigger proposal by February 1, 2010.
- Approved \$316,000 in special fund authority and three positions to meet the increased volume and complexity of workload in the Continuing Care Contracts Branch within the CCL Division. The Continuing Care Contracts Branch is responsible for the approval and oversight of Community Care Retirement Communities.
- Rejected \$176,000 GF and two positions to implement Chapter 686, Statutes of 2007 (AB 949), which would require Residential Care Facilities for the Elderly (RCFEs) to submit closure plans to DSS for review and approval within a specified amount of time. RCFE's would still be required to prepare and submit the closure plans to DSS.

Department Administration

- Rejected the Administration's proposed ten percent reductions to the Deaf Access Program, the State Hearings Division, and the Disability Determination Service Division. (The Governor vetoed \$281,000 from the Deaf Access Program.)

LABOR

0559 LABOR & WORKFORCE DEVELOPMENT AGENCY

- Approved one 2-year limited-term position for supervision and coordination of Economic and Employment Enforcement Coalition (EEEC) activities under the Employment Development Department (EDD), the Department of Industrial Relations (DIR), the Department of Consumer Affairs, and the United States Department of Labor.

7100 EMPLOYMENT DEVELOPMENT DEPARTMENT

- Approved Budget-Balancing Reductions totaling \$246,000 General Fund (GF), including \$56,000 for the California Unemployment Insurance Appeals Board and \$190,000 for administrative support.
- Approved 25 two-year limited-term positions and \$2.5 million (\$1.25 million EDD Contingent Fund and \$1.25 million Unemployment Compensation Disability Fund) to continue EEEEC efforts to combat employment tax and labor law non-compliance in the “underground economy.”
- Approved 18 positions and \$2.8 million (\$2.6 million GF) to fund year three of the Automated Collection Enhancement System, which will utilize state-of-the-art tax collection, storage, account management, and data retrieval technologies to maximize the effectiveness of the EDD tax collection operations.
- Approved one-time funding of \$1.1 million (Disability Insurance Fund) to continue support of 6.6 positions previously approved (beginning in Fiscal Year 2006-07) for implementation of the Disability Insurance Automation Project.
- Reallocated \$9.3 million in federal Workforce Investment Act Discretionary Funds to parolee services to generate \$9.3 million GF savings (by supplanting existing GF).
- Approved Finance Letter adjustments to state operations and benefit payments, to reflect the May 2008 forecast of increased claims for the Unemployment Insurance Program, the Disability Insurance Program, and the School Employees Fund Program.
- Approved \$5.3 EDD Contingent Fund and \$3.1 federal Reed Act funds to partially backfill a \$39.7 million federal funding shortfall in Unemployment Insurance Program Administration. Additionally, adopted Budget Bill Language authorizing the Administration to increase state support of program activities by up to \$23.8 million EDD Contingent Fund in order to maintain current service levels if additional federal funds do not materialize.

Trailer Bill Language

1. Approved language to expand, for certain employees in the computer software field, the existing exemption from overtime compensation requirements. Revised the exemption to include not only professional

computer software employees earning at least \$36 an hour, but also those earning at least \$75,000 per year and at least \$6,250 per month.

7350 DEPARTMENT OF INDUSTRIAL RELATIONS

- Approved Budget-Balancing Reductions worth \$1.3 million GF, including elimination of two State Mediation and Conciliation Service staff members, and two positions in the Division of Occupational Safety and Health.
- Approved 29 two-year limited-term positions and \$3.5 million (various special funds) to continue EEEEC efforts to combat employment tax and labor law non-compliance in the “underground economy.”
- Adopted Budget Bill Language authorizing the Administration to increase the funding available for the Electronic Adjudication Management System should the project encounter problems with stakeholder access to the system during the “go-live” phase.
- Approved redirection and reclassification of 22 existing positions within the Rehabilitation Unit to the newly-created Return-to-Work Unit. Additionally, adopted Supplemental Report Language requiring the department to verify that the projected workload materializes in the new program (which has been underutilized heretofore).
- Denied \$432,000 (including \$130,000 GF) for relocation of the department’s San Francisco headquarters. The request was deemed premature given the lack of sufficient evidence to suggest that the Department of Justice and the Administrative Office of the Courts require the space currently occupied by the department.
- Approved 2.6 positions and \$311,000 (Elevator Safety Account) to increase oversight of non-permanent and portable amusement rides under Chapter 478, Statutes of 2007 (SB 783).

Trailer Bill Language

1. Approved language to establish a Occupational Safety and Health Fund to be supported by a new assessment on workers’ compensation premiums. The new assessment would fund current California Occupational Safety and Health Act shortages, and, along with the restructuring of the Targeted Inspection and Consultation Fee (TICF) proposed by the Governor and approved by the Senate, would enable repayment of a \$13 million loan made in Fiscal Year 2007-08 from the WCARF to the TICF.

VETERANS AFFAIRS

8955 DEPARTMENT OF VETERANS AFFAIRS

- Approved Budget-Balancing Reductions (BBRs) totaling \$19.1 million GF, including \$18.7 million associated with care of sick and disabled veterans at state veterans homes. The majority of the reductions reflect a delay in the previously planned/approved expansion of beds and services at existing and new veterans homes. Denied the Governor's proposed \$260,000 GF reduction to County Veterans Services Offices.
- Approved 100.7 positions and \$9.4 million for construction, pre-activation, and the beginning of business operations at the Greater Los Angeles/Ventura Counties veterans homes. The BBR described above subsequently delayed the opening of the Adult Day Health Care units at Ventura and Lancaster until Fiscal Year 2009-10.
- Approved 8 positions and \$580,000 for the pre-activation phase of the Redding and Fresno veterans homes. The BBR described above subsequently delayed these activities until Fiscal Year 2009-10.
- Approved 9 positions and \$736,000 GF to improve fiscal oversight within the department. Denied 5 positions and \$494,000 GF that was unjustified at the current time.
- Approved 14 positions and \$2.5 million GF to provide oversight of capital assets, facilities management, and construction. Denied 5 positions and \$528,000 GF that was not justified at the current time.
- Approved 24.5 positions and \$1.9 million GF for the Veterans Home of California (VHC)—Chula Vista to implement nurse staffing ratios required by emergency draft regulations associated with AB 1705 (2001).
- Approved \$2.9 million GF to correct a funding deficit within the Chula Vista Operating Expenses and Equipment budget. The correction was necessary due to years of inept budgeting by the department. The necessary adjustment was validated by the Department of Finance's Office of State Audits and Evaluations.
- Approved a Finance Letter including 7.5 positions and \$380,000 GF to address health and safety risks associated with the disabled residents who dine in the main dining room at the VHC—Yountville. The United States Department of Labor has demanded that the resident employees currently assigned to assisting in the dining room be reassigned to less stressful, less physically demanding jobs.

Trailer Bill Language

1. Approved language requiring the department to provide the Legislature each year with an estimate package containing the assumptions and methodologies used in developing the Governor's Budget.